

Cabinet – 14 January 2009

Local Area Agreement (LAA) 2006 / 09 Performance Reward Grant (PRG)

Portfolio: Councillor John O'Hare, Leader of the Council

Service: Walsall Partnership

Wards: All

Key Decision: No

Forward Plan: No

1. Summary of Report

- 1.1 To estimate the likely sum of Performance Reward Grant (£4,209,750) to be received by Walsall Council.
- 1.2 To identify risks and opportunities (sensitivity) in the levels of performance reward currently estimated.
- 1.3 To identify options and recommend how Performance Reward Grant could be used.

2. Recommendations

- 2.1 That Cabinet notes Performance Reward Grant, generated from the Walsall 2006 / 09 Local Area Agreement is estimated to be around £4,209,750. This will be payable as the three-year result for each target is reported, at different dates during 2009 / 10
- 2.2 That Cabinet notes the sensitivity around the achievement of £4,209,750
- 2.3 That Cabinet notes the new arrangements in Walsall Partnership (better target setting and more emphasis on performance management) in the new Local Area Agreement
- 2.4 That Cabinet supports Option 5, the recommended option for how Performance Reward Grant should be used. This option proposes a combination of the Council allocating some Performance Reward Grant directly to its own priorities (which may be activity currently funded by mainstream resources, for example Building Schools for the Future), where these are also priorities in the Local Area Agreement and also allocating some of the Performance Reward Grant to priorities that are currently under resourced (e.g. climate change / adaptation)

- 2.5 That Cabinet formally approves the allocation of £500,000 for the running costs of Walsall Partnership, in line with the outcome of the discussion held on 27 June 2007, with Cabinet members and the Corporate Management Team
- 2.6 That Cabinet delegates the detailed approval of projects and activity to the Chief Executive, in consultation with the Leader of the Council, once the overall allocation of Performance Reward Grant has been notified to the Council.

3. Background Information

- 3.1 The 2006 / 09 Local Area Agreement (LAA) was signed in March 2006. The LAA included 19 'stretched' targets for which the Government offered a total payment of up to £8,561,750 as a reward for increased performance.
- 3.2 The maximum projected reward payable for each of the 19 stretched targets is set out at Appendix 1.
- 3.3 Currently the Walsall Partnership Support Team estimates that a total of £4,209,750 of Performance Reward Grant (PRG) will be received by Walsall Council. This is dependent upon current levels of performance being sustained, and in some cases improved. The PRG is expected to be paid as the final result for each of the targets is concluded. For some targets payment will be close to the 2008 / 09 year end, whilst other targets may not be measured until late in 2009 or 2010 (for example, examination results and Department of Health targets will not be available until later in the year).

3.3.1 Risks and Opportunities

The projected out-turn of £4,209,750 of PRG is based on results for the LAA targets at the end of year 2. There are a number of targets where any amount of attention is unlikely to change the out-turn position and PRG generated at this stage. However, the final column of Appendix 1 identifies the targets where there is sensitivity and so the amount of reward grant achieved could be improved or made worse depending upon action taken now.

3.3.2 Options for how Performance Reward Grant Could Be Used

PRG is payable to Walsall Council and so it is for the council to decide how it should be used. Information received indicates that 50% of the PRG will be capital and 50% revenue. The Cabinet of the Council discussed £500,000 being allocated to support the ongoing costs of running Walsall Partnership at a meeting of Cabinet members and Corporate Management team held on 27 June 2007.

Options for the use of PRG are as follows:

Option 1: Add PRG to mainstream council budget

This option maximises the financial return to the council, but risks alienating partners.

Option 2: Distribute PRG to the partners who generated the reward

This option is based upon a 'transparent' and 'fair' approach. However, the likely result would be for resources to be allocated to where they may not be most needed, or into areas which no longer reflect the priorities of the borough.

Option 3: Allocate PRG to priorities, particularly under-resourced priorities

This option takes a 'logical' approach. This might alienate some partners. It has the advantage that targets and outcomes (such as those recognised as related to the environment) could be resourced when hitherto they have been priorities, but with no investment.

Option 4: A combination of options 1, 2 and 3 above

This option reduces the negative aspects of each of the proposals, but dilutes the overall impact that £4,209,750 could deliver.

Option 5: Recommended Option: Combine Options 1 and 3

This option provides a level of financial return to the council. If, however, the resources were used to fund council activities/priorities that are also a priority for the LAA (including some that are currently under-resourced or funded from mainstream) then this appears to be a win/win option. The risk of allocating funding to where they may not be most needed is also avoided.

3.4 It is proposed that Cabinet delegates the detailed approval of projects and activity to the Chief Executive, in consultation with the Leader of the Council, once the overall allocation of Performance Reward Grant has been notified to the Council.

3.4.1 Any approvals would be reported to the next available meeting of Cabinet.

4. Resource Considerations

4.1 **Financial:** The options identified for allocating PRG have direct resource implications. Importantly, there is an opportunity to fund activities directly delivered by the council which are currently funded by mainstream resources, thus assisting with the current budget situation.

4.2 **Legal:** Not applicable.

4.3 **Staffing:** Not applicable

5. Citizen Impact

The PRG is likely to impact positively on citizens.

6. Community Safety

PRG is likely to impact positively on community safety depending on the detailed investment decisions in relation to its distribution.

7. Environmental Impact

PRG is likely to impact positively on the environment depending on the detailed investment decisions in relation to its distribution.

8. Performance and Risk Management Issues

8.1 **Risk:** The key risks in terms of making and communicating a decision over the options proposed arise from the ongoing speculation and possible assumptions of partners in terms of how PRG might be allocated. Other local authorities took decisions earlier on to share performance reward with partners. However, Walsall's partnership working is more firmly based on how together we make a greater difference, rather than merely how funding is allocated. The outcome of this paper should reduce the risks of confusion and damage to the reputation of the council and engage partners in the thinking and philosophy of using resources where they are most needed. It also maintains the approach that all partner resources, not just the resources of the council, should be open to the influence of partners in terms of putting them to best use.

8.2 **Performance Management:** The out-turn position on achievement of LAA stretched targets is disappointing. There are lessons to be learned in terms of initial target setting and also performance management. In response, Walsall Partnership has been more resistant to pressure from government to include certain targets in the new LAA. Tougher performance management arrangements and increased emphasis on performance management have also been put in place in Walsall Partnership structures.

9. Equality Implications

There are no direct equalities implications.

10. Consultation

Discussions over the distribution of PRG have been held within a number of Partnership forums.

Background papers

None

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A handwritten signature in black ink, appearing to read 'Jamie Morris', with a stylized, flowing script.

Jamie Morris
Executive Director

6 January 2009

A handwritten signature in black ink, appearing to read 'John O'Hare', with a stylized, flowing script.

Councillor John O'Hare
Portfolio holder

6 January 2009

Ref Code	Indicator	2004/05 LAA Baseline	2006/07 Target		2006/07 Outturn	2007/08 Target		2007/08 Outturn	2008/09 Target		2008/09 Q2 Outturn	AVAILABLE PERFORMANCE REWARD	FORECAST BASED ON 07/08 OR FINAL OUTTURN	SENSITIVITY
			Without Reward	With Reward		Without Reward	With Reward		Without Reward	With Reward				
1.1	The number of conceptions to under-18s per thousand females aged 15-17, as measured by ONS statistics and reported on a calendar year (*)	(2005) 52.6	43.7	37	(Q2 06) 57.2	39.2	33.6	53.3	34.7	30.2	-	£710,000.00	£0.00	
3.1	% of all pupils in LEA maintained schools, achieving 5, or more, A*-C grades, including English and Maths, at GCSE (*) (#)	(2005) 36%	36.5%	37.0%	35.4%	37.5%	39.0%	36.0%	38.5%	40.0%	40.2% (2008 unverified results)	£710,000.00	£710,000.00	
4.1	% of under 16s who have been looked after for 2.5, or more, years living in the same placement for at least 2 years, or are placed for adoption (*)	61.90%	61% (128/197)	65% (128/197)	60%	62% (118/190)	68% (129/190)	70.8%	63% (120/190)	71% (135/190)	75.6%	£220,000.00	£220,000.00	
4.2	% of children newly looked after placed at 31 March, more than 20 miles from their home address from which first placed (PAF CF/C69) (*)	Not collected	6.2% (6/100)	5% (5/100)	10.9%	6% (6/95)	4% (4/95)	7.40%	5.8% (5.93)	3.5% (3/93)	9.1%	£15,000.00	£0.00	
4.3	% of children who had been looked after continuously, for at least 12 months, and were of school age, who missed a total, of at least, 25 days of schooling, for any reason, during the previous school year (PAF CF/C24) (*)	9.10%	9.5% (27/285)	8.5% (24/285)	8.0%	9% (25/280)	7.5% (21/280)	6.50%	8.5% (23/275)	7% (19/275)	6.6%	£2,000.00	£2,000.00	
5.1	% of 16-18 year olds, not in education, employment or training (NEET) (*)	(Nov 04) 12.4%	10.0%	9.7%	9.10%	9.7%	9.4%	9.10%	9.4%	9.1%	8.70%	£710,000.00	£710,000.00	
1.1	The number of people who attended NHS Stop Smoking services in Walsall, who are confirmed to have quit smoking at the four week review (*)	1707	1,892	2,247	1964	1,988	2,584	2,268	2,093	2,971	373 Q1 outturn	£710,000.00	£0.00	
2.1.1	Supported admissions of older people to permanent residential and nursing homes, per 10,000 population, aged 65 or over (PAF C26) (*)	142.2	125	110	87	115	99	88	110	90	96.7	£710,000.00	£710,000.00	£710000 in-year recovery is required based on Q2 outturn

3.1	The number of infants born in Walsall who weigh less than 2500 grams at birth, expressed as a percentage of all live births in Walsall (*) (##)	(2005) 10.3%	9.4%	9.0%	9.40%	9.0%	8.8%	10.00%	8.6%	8.0%	11.40%	£650,000.00	£0.00	
12.1.1	Number of accidental fires in dwellings (*)	184 (2004/05)	203	201	174	199	195	167	195	189	43	£210,000.00	£210,000.00	
12.1.2	Number of arson fires in buildings other than dwellings (*)	72 (2004/05)	72	70	55	72	69	52	72	68	10	£189,750.00	£189,750.00	
12.1.3	Number of deliberate fires in vehicles (*)	235 (2004/05)	169	161	151	166	150	137	163	139	32	£185,000.00	£185,000.00	
Add 1	The proportion of victims of domestic violence incidents recorded by the police in Walsall who have been a victim of a reported domestic violence incident within a period of 12 months preceding their last recorded incident.	36.5%	32.8%	32.0%	34.6%	32.5%	31.0%	32.70%	31.8%	30.0%	25.70%	£497,000.00	£0.00	
Add 2	The percentage of domestic violence incidents recorded by the police where the offender is brought to justice *	11.1%	14.3%	15.4%	24.8%	15.2%	16.7%	21.1% (Q2)	16.2%	18.2%	24.30%	£213,000.00	£213,000.00	
1.1	The difference between the number of people in employment, who are aged between 16 and 64, expressed as a percentage of all people between those ages in the West Midlands, minus the same percentage in Walsall (*)	2.1 percentage points (NOMIS)	2.6	2.3	6.5 (Oct 05 to Sept 06)	2.8	2.1	1.1	3	1.5	-	£350,000.00	£350,000.00	£0 - £350,000 there is considerable uncertainty as a result of the sampling method used in collecting the data
1.1.2	The difference between the number of people in employment, who are aged between 16 and 64, expressed as a percentage of all people between those ages in England, minus the same percentage in Walsall (*)	2.3 (NOMIS)	2.5	2.5	8.0 (Oct 05 to Sept 06)	2.7	2.3	3.2	2.8	1.8	-	£350,000.00	£0.00	
2.3.1	The number of working age people in Walsall with NVQ level 2 qualification (*)	(Feb 04) 21000	22000	23500	26,000	23000	25000	26,000	24000	26800	N/A	£710,000.00	£710,000.00	
2.4.1	The number of working age people in Walsall with NVQ level 3 qualification (*)	(Feb 04) 18700	20000	20500	18,800	20600	22200	18,800	22000	23900	N/A	£710,000.00	£0.00	
3.1	Total number of VAT registered businesses (*)	5830	5775	5790	6065	5765	5810	data available 2.12.08	5775	5865	N/A	£710,000.00	not known	£0-710,000
												£8,561,750.00	£4,209,750.00	£3,149,750 to £4,919,750